

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AGR-05 CIAE-00 INR-07 LAB-04

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E.O. 11652: NA

TAGS: ETRD, EPAP, CM

SUBJECT: GURC CONTROLS TEXTILE IMPORTS

BEGIN UNCLASSIFIED

1. SUMMARY: TO PROTECT LOCAL COTTON AND SYNTHETIC FABRIC PRODUCERS FROM "UNFAIR COMPETITION" OF IMPORTATNT REMNANTS BEING "DUMPED" BY US AND OTHER COUNTRIES, GURC HAS IMPOSED VERY RESTRICTIVE CONTROLS ON IMPORTATION OF ALL TELXTILES. CONTROLS EXPECTED TO BE LIGHTENED IN 6-12 MONTHS WHEN MARKET SITUATION STABILIZES AND DETERMINATION CAN BE MADE OF QUANTITY OF IMPORTS NEEDED TO FILL DEMAND REMAINING AFTER ALL LOCAL PRODUCTION SOLD. END SUMMARY.

2. MIN ECON/PLAN HAS ISSUED REGUALTAION REQUIRING PERMISSION FROM DIRECTORATE OF COMMERCE FOR ALL IMPORTS OF TEXTILES. PREVIOUSLY, IMPORTATIONS OF LESS THAN 50,000 CFA (ABOUT \$225) IN VALUE HAD BEEN FREE OF ANY REGULATION AND LOCAL IMPORTERS HAD SIMPLY PLACED NUMEROUS ORDERS. IN ADDITION, ACCORDING TO THE MINISTRY'S DECREE 31 MINEP/DC/SDCE, APPLICATIONS

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FOR TEXTILE IMPORT LICENSES MUST BE ACCOMPANIED BY LETTERS

FROM TWO LEADING CAMEROONIAN TEXTILE FIRMS -- CICAM (COTTON) AND SYNTECAM (SYNTHETICS) -- APPROVING THE IMPORTS AND INDICATING THAT THEY CANNOT DELIVER THE QUANTITY AND QUALITY OF FABRICS DESIRED WITHIN A REASONABLE TIME. THUS CAMEROONIAN FIRMS HAVE BEEN GIVEN CONTROL OVER DOMESTIC MARKET. GURC HAS THREATENED SEVERE PENALTIES FOR VIOLATION OF THE DIRECTIVE.

3. IN PRESS ARTICLES REPORTING THE NEW POLICY, IMPORTS OF COTTON REMNANTS FROM THE US AT LOW PRICES WERE SINGLED OUT AS THE PRIMARY PROBLEM. STATISTICS CITED BY PRESS INDICATED THAT IN FIRST ELEVEN MONTHS OF 1975, 487.5 METRIC TONS OF SYNTHETIC FABRICS AT 87 FCFA/KILO (\$.18/POUND) AND 1800 METRIC TONS OF COTTON FABRIC AT 102.6 FCFA/KILO (\$.21/POUND) WERE IMPORTED INTO CAMEROON FROM THE US. (EMB HAS SUBSTANTIATED BASIC ACCURACY OF QUANTITY OF IMPORTS, BUT NOT PRICE PER KILO). ACCORDING TO THE PRESS, THESE REMNANTS (TERMED QUOTE WASTES FROM INDUSTRIAL SOURCES UNQUOTE) ARE HAVING A DISASTROUS EFFECT ON CAMEROON'S INFANT TEXTILE INDUSTRY. CICAM HAS SHUT DOWN 15 PERCENT OF ITS LOOMS AT ITS GAROUA PLANT THUS INCREASING COSTS PER UNIT AND ENDANGERING IQ EXPORT MARKETS IN EUROPE AND ADJACENT AFRICAN COUNTRIES. SYNTECAM HAS SHUT DOWN 35 PERCENT OF ITS LOOMS.

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4. GURC DIRECTOR OF COMMERCE AND MANAGER OF CICAM IN DOUALA BOTH CONFIRMED TO ECONOFF DISATROUS EFFECT OF REMNANT IMPORTS. DIRECTOR OF COMMERCE STATED, HOWEVER, THAT PRESENT DIRECTIVE WOULD ONLY LAST 6 TO 12 MONTHS IN ORDER TO ENABLE GURC TO DETERMINE WHAT LEVEL OF IMPORTS SHOULD BE ALLOWED TO FULFILL DEMAND WHILE PROTECTING CAMEROONIAN SHARE OF MARKET. HE INDICATED THAT WHILE IMPORTS OF REMNANTS FROM US WOULD BE HEAVILY AFFECTED, THE REGULATION WAS NOT AIMED AT US OR ANY OTHER PARTICULAR SUPPLIER COUNTRY. DIRECTIVE WAS SOLELY TO ENABLE HIS DIRECTORATE TO DETERMINE APPROXIMATE LEVEL OF NEEDED IMPORTS. BY END OF TRIAL PERIOD, GLUT OF FOREIGN IMPORTS SHOULD HAVE DISAPPEARED FROM MARKET AND CAMEROONINA PRODUCTION WOULD BE RUNNING AT FULL CAPACITY. IMPORTS WOULD THEN BE ALLOWED TO FILL REMAINING DEMAND.

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DIRECTOR OF CICAM PLANT OF COURSE QUITE PLEASED WITH DIRECTIVE AND EMPHASIZED NEED TO PROTECT INFANT INDUSTRY. HE ESTIMATED THAT CICAM COULD SUPPLY ABOUT 50 PERCENT OF CAMEROONIAN MARKET. HE INDICATED TYPES OF FIBERS PRODUCED IN CAMEROON RATHER LIMITED AND ONLY REMNANTS QUOTE DUMPED UNQUOTE BY US AND OTHERS WOULD BE SERIOUSLY AFFECTED.

5. SUBJECT OF LIMITATIONS ON TEXTILE IMPORTS FIRST SURFACED

LATE LAST MONTH DURING VISIT OF CHINESE TEXTILE TRADE MISSION. IN ARTICLES CONCERNING MISSION, COMMENTS BY GURC OFFICIALS QUOTED IN PRESS INDICATED THAT THEY MADE STRONG POINT TO CHINESE THAT WHILE TRADE WITH CHINA DESIRED, EFFORT WOULD HAVE TO BE MADE BY BOTH SIDES TO IDENTIFY TRADE POSSIBILITIES WHICH WOULD STRENGTHEN, NOT HARM, CAMEROON'S TEXTILE INDUSTRY.

6. IT IS INTERESTING TO NOTE THAT DURING OPIC INVESTMENT MISSION WHICH VISITED CAMEROON 28-31 MARCH, VARIOUS REFERENCES TO THE LIMITATION ON TEXTILES WERE MADE TO EMPHASIZE GURC'S WILLINGNESS TO ASSIST NEW INDUSTRIES: I.E. AN INCENTIVE TO US INVESTMENT. IN RECENT DISCUSSIONS WITH POTENTIAL AMERICAN INVESTOR CONCERNING TIRE PROJECT, GURC HAD BEEN RELUCTANT TO ASSURE US FIRM OF PROTECTION OF THIS TYPE. US FIRM SUBSEQUENTLY DECIDED NOT TO INVEST FOR THIS AND OTHER REASONS. PERHAPS GURC IS NOW CONSIDERING THIS TYPE OF MEASURE AS INCENTIVE TO INVESTMENT. BECAUSE OF CAMEROON MEMBERSHIP IN UDEAC CUSTOMS UNION, GURC CAN ONLY RELY ON ONO-TARIFF BARRIERS TO PROTECT INFANT INDUSTRY.

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